

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: UTILICORP UNITED INC. | DOCKET NO. WRU-99-44-225 |
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ORDER GRANTING WAIVER

(Issued November 8, 1999)

On October 13, 1999, UtiliCorp United Inc. (UtiliCorp) filed with the Utilities Board (Board) an application for waiver of IOWA CODE §§ 476.76 and 476.77 (1999) and IOWA ADMIN. CODE 199-chapter 32 (1999). The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response on October 13, 1999, stating it did not object to the waiver request.

UtiliCorp proposes to sell the electric and gas assets of West Virginia Power to Monongahela Power Company, doing business as Allegheny Power, for \$75 million cash with no assumption of material liabilities. West Virginia Power is a division of UtiliCorp providing electric service to 26,000 customers and gas service to 24,000 customers in West Virginia.

UtiliCorp is a Delaware corporation with its principal place of business in Missouri. UtiliCorp operates in the state of Iowa through one of its operating divisions, Peoples Natural Gas Company. UtiliCorp does not provide electric service in Iowa.

IOWA CODE § 476.76 (1999) provides "reorganization" means the acquisition, sale, lease, or any other disposition, directly or indirectly, including by merger or consolidation, of the whole or any substantial part of a public utility's assets. Neither the statutes nor the rules found in IOWA ADMIN. CODE 199-chapter 32 (1999) limit the Board's jurisdiction to acquisitions or sales of Iowa assets.

UtiliCorp's proposed transaction exceeds the \$5 million or 3 percent of Iowa revenue threshold for the sale of assets contained in IOWA ADMIN. CODE 199-32.2(2) and does not qualify as an exempt transaction pursuant to IOWA ADMIN. CODE 199-32.2(3). However, IOWA CODE § 476.77 (1999) states the Board "may waive the requirements of this section, if the board finds that board review is not necessary in the public interest." The standards for review in section 476.77 indicate the important questions are the impact of the acquisition or sale on the utility's ability to attract capital, the utility's ratepayers, and the public interest generally.

None of the assets to be sold are located in Iowa and none are subject to rate or service regulation by the Board. Service to Iowa customers will not be affected and the transaction should not impact the utility's ability to attract capital. Based on the representations made by UtiliCorp in its application for waiver, the Board finds UtiliCorp has established that Board review of the proposed transaction is not necessary in the public interest. A waiver of IOWA CODE §§ 476.76 and 476.77 and IOWA ADMIN. CODE 199-chapter 32 will be granted.

IT IS THEREFORE ORDERED:

UtiliCorp United Inc.'s application for waiver, filed October 13, 1999, is granted. The application of IOWA CODE §§ 476.76 and 476.77 (1999) and IOWA ADMIN. CODE 199-chapter 32 (1999) to the transaction discussed in the body of this order is waived.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 8th day of November, 1999.